

Message Text

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PAGE 01 COPENH 01404 240906Z

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ACTION EUR-25

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R 211310Z MAY 74

FM AMEMBASSY COPENHAGEN

TO SECSTATE WASHDC 9038

UNCLAS COPENHAGEN 1404

CORRECTED COPY FOR MRN ONLY, VICE 0000

FOLLOWING AGRICULTURAL MSG SENT ACTION USDA AND INFO BONN
BRUSSELS HAMBURG PARIS ROME THE HAGUE EC BRUSSELS DUBLIN LONDON
AND BERN
BEING REPEATED TO YOU FYI

UNCLAS

FROM AGRICULTURAL ATTACHE

TOFAS 97

SUBJECT: SPECIAL LIVESTOCK QUARTERLY

REF: CODE 13C

1. A. CURRENT SITUATION: DANISH EXPORTS OF BEEF AND VEAL ARE SEVERELY HIT BY ITALIAN IMPORT DEPOSIT SCHEME. ITALY NORMALLY PURCHASES SOME 1,500 MT BEEF AND VEAL IN DENMARK WEEKLY, OR 35 TO 40 PERCENT OF THE TOTAL PRODUCTION. ITALIAN MARKETS ACCOUNTED FOR 70 PERCENT OF TOTAL EXPORTS IN CY 1973 AND 60 PERCENT DURING JAN-MAR 1974. THE EXPORTS TO ITALY CONSIST MOSTLY OF BEEF AND VEAL FROM YOUNG BULLS, STEERS AND CALVES PRODUCED SOLELY FOR ITALIAN MARKET WITH NO REAL ALTERNATIVE EUROPEAN OUTLET. SHIPMENTS TO ITALY CURRENTLY 20 TO 25 PERCENT OF NORMAL, GOING ONLY TO LARGE ITALIAN IMPORTERS AS SMALL IMPORTERS CAN NOT RAISE MONEY FOR DEPOSIT.

B. DANISH GOVT DOES NOT PRESENTLY WANT TO SUPPORT DANISH EXPORTERS BUT WILL FOLLOW OTHER COUNTRIES IF THEY IMPLEMENT GOVT SUPPORT

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PAGE 02 COPENH 01404 240906Z

SCHEMES. DANES EXPECT EC MINISTERS MEETING MAY 20-21 TO DEAL AGAIN

WITH ITALIAN PROBLEM.

C. IMPLEMENTATION OF ITALIAN IMPORT RESTRICTIONS FOLLOWED A PERIOD OF ALREADY HEAVY PRESSURE ON DANISH BEEF PRICES AND GROWING STOCKS. DANISH INTERVENTION STOCKS CURRENTLY AROUND 1,600 MT. THE WEEKLY FREEZER CAPACITY IS ONLY ABOUT 200 MT, FAR LESS THAN THE QUANTITIES OFFERED FOR INTERVENTION, DANES HAVE ASKED EC COMMISSION FOR APPROVAL OF DEBONING FOR INTERVENTION, WHICH WOULD INCREASE STORAGE CAPACITY 40 PERCENT. THE INTERVENTION SYSTEM CAN PRESENTLY TAKE ONLY ABOUT 5 PERCENT OF THE TOTAL WEEKLY SUPPLY, OF WHICH ABOUT 35 PERCENT IS OF QUALITY ELIGIBLE FOR INTERVENTION. IF EC COMMISSION DOES NOT APPROVE DEBONING SCHEME DANES THREATEN TO START WITHOUT PERMISSION IN ORDER TO PREVENT COMPLETE BREAKDOWN OF BEEF MARKET.

D. DESPITE OVERSUPPLY CRISIS DANISH BEEF PRODUCER PRICES HAVE SHOWN SLIGHT INCREASE SINCE FEBRUARY BECAUSE OF 12 PERCENT INCREASE IN THE EC ORIENTATION PRICE AT BEGINNING OF APRIL.
(DANISH INTERVENTION PRICES INCREASED 6 TO 11 PERCENT INSTEAD OF 12 PERCENT BECAUSE DANISH PRODUCER PRICES HAD DROPPED MORE SHARPLY IN THE FALL OF 1973 THAN IN OTHER EC COUNTRIES). DANISH INTERVENTION PRICES FOR 1974/75 MARKETING YEAR ARE AS FOLLOWS:

MAXIMUM INTERVENTION	
PRICES	PERCENT INCREASE
	FROM 1973/74

KR./KG. LIVE WEIGHT

YOUNG COWS 1 CLASS	5.30	7.4
COWS "	5.10	7.0
STEERS "	6.05	5.7
HEIFERS "	5.85	9.4
BULLS "	6.40	10.7
YOUNG BULLS PRIMA	6.95	10.08

E. HEAVY INCREASES IN EC COMPENSATORY AMOUNTS FOR BEEF SHIPPED TO UK HAS MADE UK SECOND MOST IMPORTANT MARKET FOR DANISH BEEF IN CURRENT YEAR. EXPLANATION OFFERED LOCALLY IS THAT BEEF FOR FURTHER PROCESSING CAN NOW BE SOLD THERE AT VERY LOW PRICES BECAUSE OF HIGH EC SUPPORT FOR EXPORTS TO UK.

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PAGE 03 COPENH 01404 240906Z

F. BEEF OVERSUPPLY HAS NOT LED TO LOWER CONSUMER PRICES DESPITE INCREASING CONSUMER CONCERN. DOMESTIC OFFTAKE HAS NOT STARTED TO PICK UP. A PROMOTION CAMPAIGN TO ENCOURAGE BEEF CONSUMPTION IS PLANNED BUT UNLESS RETAIL PRICES ALLOWED TO DROP SUBSTANTIALLY DOMESTIC CONSUMPTION UNLIKELY TO INCREASE MATERIALLY.

2. NUMBERS: CATTLE NUMBERS WILL HENCEFORTH BE COUNTED ONLY IN JUNE AND DECEMBER INSTEAD OF PREVIOUS 4 TIMES A YEAR. DECEMBER,

1973 FIGURES WERE SUPPLIED IN FEB. 15 CABLE. 1974 NUMBERS INCREASE NOW APPEARS DOUBTFUL BECAUSE OF POOR PASTURE OUTLOOK AND REDUCED PRICE PROSPECTS. HOWEVER, IF ITALIAN RESTRICTIONS CONTINUE, PRODUCERS MAY BE FORCED TO HOLD LARGER NUMBERS.

3. A PRODUCTION: OFFICIAL JAN-MAR 74 PRODUCTION FIGURES NOT YET AVAILABLE. BEEF AND VEAL PRODUCTION (CWE EXCLUDING EDIBLE OFFALS AND LIVE ANIMALS EXPORTED FOR SLAUGHTER) FIRST QUARTER 1974 ESTIMATED AT 55,400 MT, UP 21 PERCENT FROM FIRST QUARTER 1973. CY 1974 PRODUCTION PRESENTLY FORECAST TO INCREASE TO 200,000 MT (CY 1973 184,600 MT) BECAUSE OF HEAVIER SLAUGHTER WEIGHTS, PRESENT PRODUCTION PROGRAMS AND POOR PASTURE PROSPECTS. HOWEVER, CHAOTIC MARKET SITUATION MAKES FORECAST MOST UNCERTAIN.

B. CWE OF LIVE ANIMALS EXPORTED FOR SLAUGHTER JAN- MAR 1974 WAS EQUIVALENT TO 1,500 MT, (JAN-MAR 1973 3,200 MT). CY 1974 FORECAST IS 5,000 MT AS COMPARED TO 6,000 MT IN CY 73.

4. A. BEEF AND VEAL PRODUCTION FOR EXPORT ((CWE EXCLUDING LIVE ANIMALS EXPORTED FOR SLAUGHTER). JAN-MAR 1974 WAS 35,500 MT. 1974 FORECAST IS 115,000 MT.

B. LIVE CATTLE EXPORTED FOR SLAUGHTER DURING JAN- MAR 1974 WAS 5,325 HEAD (JAN-MAR 1973 11,239). CY 1974 FORECAST 18,000.

5. DANISH EXPORTS FIRST QUARTER 1974: VEAL FRESH OR CHILLED (MT): WESTGERMANY 924, ITALY 188, NETHERLANDS 186, TOTAL 1,338 MT (JAN-MAR 1973 10,065 MT). BEEF FRESH OR CHILLED (MT): ITALY 19,095, UK 5,254, WESTGERMANY 2,010, FRANCE 1,910, TOTAL 30,060 (JAN-MAR 1973 11,560 MT). BEEF AND VEAL FROZEN (MT): UK 189, WESTGERMANY 131, NORWAY 108, TOTAL 805 (JAN-MAR 1973 1,417 MT). TOTAL BEEF AND VEAL EXPORT 32,203 MT, UP 40 PERCENT FROM JAN-MAR 1973. LIVE CATTLE (HEAD)

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PAGE 04 COPENH 01404 240906Z

TOTAL 7,620 OF WHICH 2,295 FOR BREEDING PURPOSES. (2,008 BREEDING ANIMALS TO ROMANIA). WESTGERMANY TOOK 5,146 HEAD FOR SLAUGHTER. SLAUGHTER CATTLE TOTAL WAS DOWN 53 PERCENT FROM JAN-MAR 1973. TOTAL FIRST QUARTER BEEF AND VEAL EXPORTS AND EQUIVALENT OF SLAUGHTER ANIMAL EXPORTS WAS 33,703 MT, UP 28 PERCENT FROM JAN-MAR 1973.

6. INTERVENTION STOCKS OF 1,600 MT EQUALS ABOUT ONE WEEKS DANISH CONSUMPTION. EC PRIVATE STORAGE SUPPORT SCHEME NOT YET IMPLEMENTED IN DENMARK.

7. PRICES PAID PRODUCERS FOR SLAUGHTER ANIMALS IN WEEK ENDING MAY 4 (YEAR EARLIER COMPARISONS IN PARENTHESES) IN KR. /KG. LIVE WEIGHT, TOP QUALITY: STEERS 5.90-6.05 (6.55-6.70). HEIFERS 5.65-5.80 (6.15-6.30), YOUNG COWS 5.20-5.40 (5.60-5.80), COWS 5.20-5.40 (5.35-5.50), BULLS 6.20-6.40 (6.60-6.80),

YOUNG BULLS 6.55-6.70 (7.30-7.45) CALVES 6.80- 7.50 (7.55-8.15).

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